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NO. 8

## Initiative Measure No. 8

RELATING TO INVESTMENT OF PERMANENT STATE FUNDS,  
SECURITIES HEREIN DESIGNATED.

TO BE VOTED UPON AT THE GENERAL ELECTION,  
NOVEMBER 3, 1914.

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ARGUMENT IN BACK OF PAMPHLET:

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THE NUMBER AND FORM IN WHICH THE MEASURE  
WILL APPEAR ON SEPARATE OFFICIAL  
BALLOT IS AS FOLLOWS:

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## Initiative Measure No. 8

### A BILL

To propose by Initiative Petition a law, "Providing for the safe investment of the state permanent common school funds, and all other state educational, charitable and penal institution funds in the securities herein designated, for the prompt collection of interest thereon, providing a method of procedure in making said investments to guard and protect such funds and prescribing the duties and obligations of the various officers of the state and the several counties to whom such funds are intrusted."

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☐

For the Initiative Measure No. 8.  
Relating to Investment of Permanent State Funds,  
Securities Herein Designated.

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Against Said Measure No. 8.

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### "Section III, Revised Code as Amended:

"The manner of voting on measures submitted to the people shall be: By marking the ballot with a cross in or on the diagram opposite and to the left of the proposition **FOR WHICH** the voter desires to vote."



## A BILL

To propose by Initiative Petition a law, "Providing for the safe investment of the state permanent common school funds, and all other state educational, charitable and penal institution funds in the securities herein designated, for the prompt collection of interest thereon, providing a method of procedure in making said investments to guard and protect such funds and prescribing the duties and obligations of the various officers of the state and the several counties to whom such funds are intrusted."

## BE IT ENACTED BY THE PEOPLE OF THE STATE OF MONTANA:

### Section 1.

All moneys belonging to the permanent common school and all other permanent state educational, charitable and penal institution funds must be invested by the State Board of Land Commissioners in bonds of school districts, within the state of Montana, provided, that before such moneys are so invested, the said board must be satisfied that the bonds so to be negotiated are the only bonds issued by the school district, and that the outstanding indebtedness of said district does not exceed three per cent of the valuation of the property within it; in bonds of the State of Montana or of the United States; in interest-bearing warrants upon the general funds of the state; in any state capital building bonds of the State of Montana, now issued, or which may be hereafter issued; in bonds of irrigation districts within the State of Montana; in first mortgages on good, improved farm land in the State, in the manner provided herein.

### Section 2.

In order to secure continuous investment, so far as possible, for the moneys of the above described funds, it shall be the duty of the State Board of Land Commissioners to fill the applications for loans on farm lands received from the different counties, as rapidly as such funds are available, and in the order in which they

are received, provided, however, that if enough of such moneys remain on hand in the state treasury uncalled for, to warrant them doing so, the State Board of Land Commissioners shall divide such moneys among the organized counties of the state, in proportion to the population, as nearly as may be, subject to the following provisions:

(a) On or before the 25th day of May and November in each year, the State Board of Land Commissioners shall cause to be made an estimate of the amount of permanent school and other state educational, charitable and penal institution funds which shall be on hand and uninvested by the first day of July and January next ensuing.

(b) The amount of such estimate shall be apportioned among the several organized counties of the state in proportion to population, and the county auditors of the several counties shall be forthwith notified of the amounts so apportioned.

(c) On receiving said notice, if no applications for loan of such fund upon first mortgages on improved farm lands, in an amount sufficient to cover said estimate, shall be on file in the office of the county auditor, he shall cause notice to be published in the newspapers designated by the board of county commissioners as the papers in which to publish the proceedings of the county commissioners, which notice shall state the amount of money which will be in the county treasury for such loans and the terms upon which same may be loaned, and that applications therefor will be received at the office of the county auditor, which notice shall be published at the expense of the county, at least once in each week for four successive weeks, commencing as near the first day of June and December as may be possible. Should applications sufficient to take up all or any of such fund be received before the expiration of such period of publication of said notice, the publication of same may be discontinued.

(d) If no application for loans of such funds shall be received by the county auditor prior to the first day of January or July, as the case may be, he shall promptly notify the State Board of Land Commissioners to that effect. If applications shall be received by the county auditor in excess of the amount of the estimate for such county, the auditor shall, on or before the first day of July,



or January, as the case may be, notify the said commissioners of the amount of applications so received.

(e) If the total amount of applications for loans of such funds, as certified by the several county auditors to the State Board of Land Commissioners, shall exceed the amount of moneys in said funds, on hand for distribution, the said Board of Land Commissioners shall distribute said funds by sending to the counties applying for loans less than the apportionment of the full amount of their several applications, and shall divide the remainder of such apportionment among the counties applying for more than the amounts apportioned to them separately, proportionately.

(f) If the amount of the applications certified by the several county auditors to the State Board of Land Commissioners shall be less than the full amount of such funds on hand for distribution, such funds shall be distributed in proportion to the population, among the several counties.

(g) If the amount of applications certified by the several county auditors shall equal the amount of the moneys on hand for distribution, the same shall be distributed accordingly.

### **Section 3. Duties and Obligations of the County Treasurer.**

All moneys sent by the State Board of Land Commissioners to the several counties, under the provisions of this law, shall be delivered to the county treasurer, who shall execute triplicate receipts therefor; one to be filed with the county auditor, one with the state treasurer, and one with the Board of Land Commissioners.

It shall be the duty of the county treasurer to receive, collect and account for all moneys belonging to said funds so received from the State, or from individuals in payment of principal and interest on loans made by the county, and said county treasurer shall, at all times, be liable under his official bond to the state or any individual for the true accounting of all payments of any and all of said funds.

**Section 4. Loans by Counties. How and to Whom Made. Rate and Payment of Interest. Duties of County Commissioners.**

Each county shall loan or invest and keep invested all funds so received from the State Board of Land Commissioners, as aforesaid, in first mortgages, upon good improved farm lands within their limits respectively. The amount of each loan shall not exceed two-fifths (2-5) of the actual cash value of the lands covered by the mortgage given to secure the same, and such value shall be determined by the board of county commissioners of the county in which the land is situated, and for performing these services said county commissioners shall be paid by the county their actual and necessary traveling expenses, if any, and no other compensation whatsoever, and in no case shall more than five thousand dollars (\$5,000) be loaned to any one person, firm or corporation. All of said loans shall be made in the name of the state, as mortgagee, and all said first mortgages on farm property shall run for a period of time not to exceed ten (10) years, and the funds so invested shall bear interest at the rate of six per cent per annum, payable annually to the county treasurer of the county in which such lands lie. For the first one year payments shall consist only of interest, paid annually, and commencing with the second year, the interest shall be paid annually, as above stated, and the borrower shall have his option of paying, in addition to the interest, ten per cent or any multiple thereof of the principle at any interest-bearing date.

(a) Any such mortgage may be paid in full and satisfied at any time after one year from the date when made, on payment of the whole amount due thereon.

(b) In no case shall a first mortgage loan be made on land of which the appraised value is less than \$10 per acre, and said loans, as provided herein, shall only be made to persons who are actual residents of the county where the lands upon which the mortgage is given are situated.

**Section 5. Forms. How Prepared. By Whom. Contents.**

It shall be the duty of the State Board of Land Commissioners and the Attorney-General of the state, to prepare a form of application and a form of mortgage for use in loaning said funds,

such forms to be furnished free of cost by the several counties, to be used exclusively by them in the transaction of all business pertaining to school, educational, charitable and penal institution funds; provided, that said form of mortgage shall contain a provision that default in the payment of interest thereon at any time for a period of 30 days after the same shall become due, shall cause the whole principle and interest on said mortgage to become at once due and payable, and said mortgage may be foreclosed in the manner provided by law.

**Section 6. County Commissioners to Publish Notice. Abstracts, Costs. Duties of County Officers. No Compensation. Application.**

It shall be the duty of the county commissioners to cause from time to time, such notices to be given by publication in the newspapers of the county, if any be published therein, as will fully advise the people of the county whenever any moneys of such funds are in the county treasurer's hands for investment, as in this law provided.

(a) The county attorney shall examine the abstract of title of such lands as shall be offered as security for such loans and approve or reject the same and from his decision an appeal may be taken to a judge of the district in which the county is situated and it is made the duty of the district judge to pass on the title and, within ten days, report his findings in writing to the county auditor or county clerk and recorder of said county. No loan of such funds shall at any time be made to any county officer, while in office, nor to any relative or business associate of any county officer, while said officer is in office.

(b) Abstracts of title shall be furnished by the borrower at his expense and this, together with the cost of recording the mortgage, shall be the only charge to be paid by the borrower.

(c) Neither the county attorney, county auditor, county treasurer nor board of county commissioners shall receive any compensation for the duties they may perform, under the provisions of this law.



(d) Application for loans shall state amount desired and shall give the description and character of land, the source of title, all improvements, by whom occupied, crops growing and quantities produced the preceding year, location as to railroads, wagon roads, towns, cities, schools, churches and such other information as may be required by the county commissioners to correctly appraise the same; such application to be filled and signed by the borrower and verified by his oath as to all its contents and by him filed with the clerk and recorder of the county wherein the land is situated.

#### **Section 7. Penalty for Failure to Act.**

Any county clerk, county auditor, county attorney or county commissioner or county treasurer failing, refusing or neglecting to perform any of the duties which are required of him by this law, at the time required, shall be liable to a fine of not less than \$50 or more than \$250, to be recovered in a civil action in the district court by any citizen of the county against him and his bondsmen, and shall, in addition, be liable for all damages resulting because of such refusal or neglect.

#### **Section 8. Money Returned by Counties. When.**

Whenever any moneys of the permanent school or other educational or state institution funds shall have been sent to and received by any county, and no application for loan of the same, as provided in this article, shall have been made, after notice, as hereinbefore provided shall have been published for four (4) successive weeks after the first day of January or July when such money was received, the county auditor shall certify such fact to the State Board of Land Commissioners, with a statement that such money cannot be loaned, it shall be the duty of the State Board of Land Commissioners to order the said funds returned to the state treasurer forthwith, with interest thereon, as herein provided for a period of sixty (60) days, and when so returned to the state treasurer, such funds shall be re-distributed by the State Board of Land Commissioners, or invested in other securities as provided by law.

**Section 9. Default. Foreclosure. Lands Bid in by County.**

In case of default in the conditions of any mortgage taken by any county pursuant to the provisions of this law, by reason of which the right to foreclose the same shall accrue to the state the county treasurer shall notify the county attorney of such default, and the county attorney shall, in the name of, and in behalf of the state, foreclose such mortgage by action in the manner provided by law for the foreclosure of mortgages upon real property. If no other person shall bid the full amount due upon said mortgage upon the foreclosure sale of the same, with the cost, and expenses of the foreclosure and sale, the county attorney or county auditor shall bid in the land in the name of the county for the amount due and all costs and expenses incurred, and such county shall at once pay to the State Board of Land Commissioners such full amount due and interest out of the general fund of the county, and if the same is not redeemed, as provided by law, the sheriff's deed shall be made to the county and the county shall thereby become the owner of said land.

**Section 10. Mortgages. How Satisfied.**

Upon the full payment of any school or institution fund mortgage, it shall be the duty of the county treasurer of the county in which such mortgage was recorded to cancel the notes and mortgage by stamping them as paid, and he shall deliver to the person paying the same a certificate of the payment thereof, which certificate shall be presented to the auditor of said county and filed by him in his office, whose duty shall then be to execute in behalf of the county a full release and satisfaction thereof.

**Section 11. When No County Auditor.**

In counties having no county auditor, it shall be the duty of the county clerk and recorder to perform all of the duties herein designated to be performed by the county auditor and with the same force and effect.

**Section 12. Trust Funds.**

All moneys which may, from time to time, be designated for investment in farm mortgages and shall, for such purpose be divided among the organized counties of the state, pursuant to this law, shall be held and managed as trust funds, and the several

counties shall be and remain responsible and accountable for the principal and interest of all such moneys received by them, from the date of receipt until return, and in case of the loss of any money so apportioned to any county, such county shall repay the same out of its common revenue.

**Section 13. Accounting.**

Each county shall, semi-annually, on the first day of January and July, render an account of the condition of the funds so intrusted to it, to the State Board of Land Commissioners, and at the same time pay into the state treasury the interest due on all such funds.

**Section 14. Repeal.**

All acts and parts of acts in any way in conflict with any of the provisions of this law, are hereby repealed.

# ARGUMENT

(Affirmative).

Submitted by the People's Power League of Montana in favor of the Initiative Measure No. 8 Proposed by Initiative Petitions and Designated on the Official Ballot as Follows:

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For the Initiative Measure No. 8.  
Relating to Investment of Permanent State Funds,  
Securities Herein Designated.

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Against Said Measure No. 8.

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The following list gives the names of the officers and committees of the People's Power League of Montana:

## OFFICERS.

President, Miles Romney, Hamilton, Montana; Secretary, M. McCusker, Livingston, Montana.

## EXECUTIVE COMMITTEE.

Miles Romney, Hamilton, Montana; M. McCusker, Livingston, Montana; John Blewett, Fromberg, Montana; R. N. Sutherland, Great Falls, Montana; W. K. Harber, Fort Benton, Montana; Albert Michaud, Miles City, Montana; D. J. Donohue, Glendive, Montana; James Holland, Havre, Montana; John F. Duffy, Kalispell, Montana; Edwin F. Cheadle, Lewistown, Montana; Walter S. Hartman, Bozeman, Montana; James A. Jergenson, Whitehall, Montana; T. J. Walsh, Helena, Montana; D. J. Fitzpatrick, Missoula, Montana; W. E. Nippert, Thompson, Montana; John C. Lowney, Butte, Montana; H. W. Nelson, Billings, Montana; Henry Drennan, Big Horn, Montana; Adam Wilkerson, Roundup, Montana; J. B. Rankin, Anaconda, Montana; Harvey Coit, Big Timber, Montana.

## WAYS AND MEANS COMMITTEE.

Dennis Murphy, Miners Union, Butte, Montana.

Henry Drennan, President, District No. 27, United Mine Workers of America, Billings, Montana.

M. M. Donoghue, President, and O. M. Partelow, Secretary, Montana Federation of Labor.

J. B. Rankin, President, Mill and Smeltermen's Union of Anaconda.

M. McCusker, Affiliated Railway Trades, Livingston, Montana.

Miles Romney, Hamilton, Montana.

The Peoples' Power League is a non-partisan organization. Its object is to extend the direct power of the people—that the people may indeed rule.

We believe the approval of the Initiative Measure No. 8 will promote the agricultural development and welfare of the entire state.

## INITIATIVE MEASURE NO. 8.

Relating to the Investment of Permanent State Funds in Securities Herein Designated.

This is a companion bill to the Workmen's Compensation Act (Initiative Bill No. 7) and is strongly advocated by the Peoples' Power League.

Initiative Measure Number 8 provides for the loan of available permanent state funds, now approximating one million dollars and constantly increasing from the rental and sale of state lands, with which our state institutions are so munificently endowed, on farm mortgages of the first class. The rate of interest is fixed at 6 per cent and loans may run 10 years, being redeemable at any interest paying period after the first year.

The procedure is simple and inexpensive, the only fee that falls upon the borrower being the cost of an abstract of title and recording the mortgage. Every possible safeguard is thrown about the state funds to insure safety. The county in effect "endorses the note" of the borrower, securing itself with a first mortgage upon the land, loaning not to exceed 40 per cent of the appraised value of the land.



The neighboring states of Idaho, Washington and the Dakotas have invested their permanent funds in farm mortgages for years past, with gratifying results. Two such laws have been enacted by the Montana legislature, but both, through the agency of the "insidious lobby" were so honeycombed with jokers as to be inoperative.

The Montana farmer is the victim of gross discrimination in the matter of interest rates. Carefully compiled statistics show that the farmers of this state pay an average of 9.3 per cent on farm mortgages and 11.4 per cent on short term notes. The average rate on farm mortgages in Iowa is  $5\frac{1}{2}$  per cent; in Minnesota and the Dakotas 5.7 per cent; in Idaho 7 per cent and in Wisconsin,  $5\frac{1}{2}$  per cent. For short time notes the rate ranges from  $5\frac{1}{2}$  per cent in Iowa to 11.4 per cent in Montana. The loan of state funds on farm mortgages in these states has resulted in bringing farm loan interest rates down to the level fixed by state competition.

The benefits to accrue to the farmers of Montana from an abundance of cheap money, whereby they may develop and improve their land and stock their farms are incalculable. And the state would profit measurably from the increased interest derived from its securities, which would tend to lessen the general tax burden.



